

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2017

Open to Public Inspection

- ▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2017 calendar year, or tax year beginning 01-01-2017, and ending 12-31-2017

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization SAN MIGUEL ELECTRIC COOPERATIVE INC		D Employer identification number 74-1937134
	Doing business as		E Telephone number (830) 784-3411
	Number and street (or P.O. box if mail is not delivered to street address) PO Box 280	Room/suite	
	City or town, state or province, country, and ZIP or foreign postal code Jourdan, TX 78026		
F Name and address of principal officer: Michael Kezar P O Box 280 Jourdan, TX 78026		H(a) Is this a group return for subordinates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> H(b) Are all subordinates included? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," attach a list. (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)(12) (Insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ www.smeci.net			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1977	M State of legal domicile: TX

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: San Miguel was created for the sole purpose of owning and operating a 400 MW mine-mouth lignite-fired generating plant and associated mining facilities to furnish power and energy to its member cooperatives.																																													
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.																																													
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16																																											
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	16																																											
Revenue	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	192																																											
	6 Total number of volunteers (estimate if necessary)	6	0																																											
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0																																											
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0																																											
Expenses	<table border="1"> <thead> <tr> <th></th> <th>Prior Year</th> <th>Current Year</th> </tr> </thead> <tbody> <tr> <td>8 Contributions and grants (Part VIII, line 1h)</td> <td>0</td> <td>0</td> </tr> <tr> <td>9 Program service revenue (Part VIII, line 2g)</td> <td>131,504,440</td> <td>137,010,320</td> </tr> <tr> <td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td> <td>6,911,121</td> <td>7,338,014</td> </tr> <tr> <td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td> <td>10,399,126</td> <td>6,634,710</td> </tr> <tr> <td>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td> <td>148,814,687</td> <td>150,983,044</td> </tr> <tr> <td>13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)</td> <td>0</td> <td>0</td> </tr> <tr> <td>14 Benefits paid to or for members (Part IX, column (A), line 4)</td> <td>1,275,066</td> <td>272,380</td> </tr> <tr> <td>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)</td> <td>17,862,081</td> <td>17,963,482</td> </tr> <tr> <td>16a Professional fundraising fees (Part IX, column (A), line 11c)</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0</td> <td></td> <td></td> </tr> <tr> <td>17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24c)</td> <td>129,677,540</td> <td>132,747,182</td> </tr> <tr> <td>18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)</td> <td>148,814,687</td> <td>150,983,044</td> </tr> <tr> <td>19 Revenue less expenses. Subtract line 18 from line 12</td> <td>0</td> <td>0</td> </tr> </tbody> </table>			Prior Year	Current Year	8 Contributions and grants (Part VIII, line 1h)	0	0	9 Program service revenue (Part VIII, line 2g)	131,504,440	137,010,320	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,911,121	7,338,014	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,399,126	6,634,710	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	148,814,687	150,983,044	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0	14 Benefits paid to or for members (Part IX, column (A), line 4)	1,275,066	272,380	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	17,862,081	17,963,482	16a Professional fundraising fees (Part IX, column (A), line 11c)	0	0	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0			17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24c)	129,677,540	132,747,182	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	148,814,687	150,983,044	19 Revenue less expenses. Subtract line 18 from line 12	0	0		
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Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer Michael Kezar General Manager Type or print name and title		Date 2018-08-27	
	Print/Type preparer's name Firm's name ▶ Firm's address ▶		Preparer's signature Date	Check <input type="checkbox"/> if self-employed Firm's EIN ▶ Phone no.

Paid Preparer Use Only



Part VII Investments and Other Securities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Mine closure and Plant decommissioning	77,664,000	F
(2) Ash Pond Cleanout funds	2,498,293	F
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.)		80,162,293

Part IX Other Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Patronage Capital from Associated Cooperatives	1,584,807
(2) Restricted Investments in Associated Organizations	21,158,923
(3) Special Funds - Homestead Funds/Deferred Compensation-457 (b)	623,164
(4) Interest Receivable	1,687,635
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	25,054,529

Part X Other Liabilities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1.	(a) Description of liability	(b) Book value
(1)	Federal income taxes	
	Accumulated provisions for FAS 106	795,800
	Accumulated provision for Homestead Funds	623,164
	Accumulated provision for Mine Closure	46,421,886
	Asset Retirement Obligation - CCR Impacted Items	4,043,214
	Decommissioning Liability	9,021,859
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col.(B) line 25.)		60,905,923

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☒